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ARGENTINA (1)

Argentina: The Graiver Case

In April 1977 the press began carrying news of a scandal often described as the "Argentine Watergate." Commonly referred to as the "Graiver Case", the story revolves around the alleged relationship between David Graiver, an Argentine banker of Polish-Jewish extraction who allegedly died in a plane crash in Mexico in August 1976, and the terrorist guerrilla group known as Montoneros. The Montoneros originally were part of the Peronist movement; subsequently -- and especially since the 1976 coup -- they have been the chief subversive terrorist group plaguing the Argentine government. Although charges have not yet been substantiated, it is alleged that Graiver received sizable sums -- $17-$20 million -- from the Montonero organization. He reportedly then invested the money, paying interest to the Montoneros -- which helped to finance their guerrilla activities -- and presumably making a profit for himself. It is assumed that the Montonero funds originated as ransom payments for kidnap victims.

A number of Graiver family members and business associates have been questioned by the government in connection

ER M 77-10446
8 July 1977

UNCLASSIFIED

GRAIVER, David

Approved for Release
Date 21 DEC 1

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with Graiver's operations, although the extent to which any of them may be directly involved in the Montonero scandal is not clear. One Graiver associate whom some reports implicate in the Montonero financial affairs is Jose Ber Gelbard, a former Economics Minister under Juan Peron. Gelbard, from a Polish-Jewish background similar to Graiver's, shared some of Graiver's business interests and had a reputation in some quarters for involvement in financial deals of dubious legality. The Argentine government has requested the US government for Gelbard's extradition in connection with charges of misuse of Social Welfare funds. Similar charges have been brought against former President Isabel Peron and her Social Welfare Minister and adviser, Jose Lopez-Rega.

Although it is entirely possible that the charges against Graiver and Gelbard are essentially valid, it is also true that their absence has made it convenient to develop the case into a cause celebre. Extralegal financial activities are a tacitly acceptable part of Argentina economic life, and aid to the Montoneros was not widely regarded as reprehensible a few years ago.

Banks in New York and Brussels in which Graiver had sizable investments have been reported bankrupt with large sums of money unaccounted for. It has been rumored that

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Graiver absconded with the money and that the unidentifiable body found in the plane crash was not his. The Graiver bank in La Plata, the Banco Comerical de La Plata, has been closed and its assets are being liquidated. Another Graiver bank in Argentina, the Banco Nurlingham, has been intervened (placed under direct government supervision) but not closed. More details on Graiver's subversive economic activities are likely to come to light shortly when the Graiver case comes before the Argentine courts.

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